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Supreme Court, U.S.
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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1970

No. 1801

ELECTRONIC COMMUNICATIONS, INC.,
Respondent,

vs.

ELECTRONIC COMPONENTS FOR INDUSTRY CO.,
ECI SEMICONDUCTORS, INC., et al.,
Petitioners.

PETITION FOR A WRIT OF CERTIORARI

To the United States Court of Appeals for the Eighth Circuit

RALPH W. KALISH
1604 Chemical Building
721 Olive Street
St. Louis, Missouri 63101
Attorney for Petitioners

June, 1971

St. Louis Law Printing Co., Inc., 411-15 N. Eighth St. 63101 314-231-4477

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Petitioners, Electronic Components for Industry Co., ECI Semiconductors, Inc., and ECI Chicago, Inc., respectfully pray that a Writ of Certiorari be issued to review the Judgment of the United States Court of Appeals for the Eighth Circuit, entered in the above cause on the 6th day of May, 1971.

REPORTS OF OPINIONS BELOW

The opinion of the United States Court of Appeals for the Eighth Circuit dated May 6, 1971, has not been reported as yet. The opinion is reproduced as Appendix A hereto.

The opinion of the United States District Court for the Eastern District of Missouri, Eastern Division, dated October 1, 1969 is reported in 308 F. Supp. 267, 163 USPQ 461. The opinion is reproduced as Appendix B hereto.

GROUNDS ON WHICH JURISDICTION IS INVOKED

(i) The Judgment of the United States Court of Appeals for the Eighth Circuit dated and entered on May 6, 1971 (see Appendix A).

(ii) A timely petition for rehearing was denied on May 28, 1971 (see Appendix C). This petition for a Writ of Certiorari was filed prior to June 30, 1971 within the period provided by order of the United States Court of Appeals for the Eighth Circuit dated June 7, 1971 (see Appendix D).

(iii) 28 USC, Section 1254(1), confers on this Court the jurisdiction to review Judgments of the United States Courts of Appeal by Writ of Certiorari (Appendix E). 15 U.S.C. 1122 confers jurisdiction on this Court to review cases under the Trademark Act of 1946 (Appendix F).

QUESTION PRESENTED FOR REVIEW

Whether in an action for infringement of respondent's trademark registered under the Trademark Act of 1946 (Chapter 22, Title 15, USC), petitioners' usage of the accused term prior to the date of respondent's registration, and hence petitioners' rights developed before registration, may be ignored for the purpose of finding infringement of a federally registered trademark.

STATUTE INVOLVED

The statute involved in this case is the Trademark Act of 1946, as amended, 15 USC 1051-1127, inc. but more particularly Sections 1114(1), 1115b, 1121, and 1127 (in part) which are set forth as Appendix G, infra.

STATEMENT OF THE CASE

This action was brought under the Trademark Act of 1946 for infringement of respondent's trademark ECI as registered in the U. S. Patent Office under Certificate of Registration No. 706,588 issued November 1, 1960 reciting the first use of the mark as of October 24, 1958 in conjunction with radio transmitting and receiving equipment and component parts therefor, electronic circuitry, electrical motors, facsimile recording equipment and component parts therefor, and electronic circuit components.

Respondent, having its principal office and place of business at St. Petersburg, Florida, adopted its trade name Electronic Communications, Inc. on April 30, 1957, and continuously since that date has been in a business devoted to the manufacture and sale of complex, highly sophisticated communications equipment for utilization by the military branches of the United States and foreign Governments as well as for NASA; said equipment being admittedly expensive with various programs in the tens of millions of dollars. Respondent's equipment is produced only after successful bidding and after considerable contact between respondents' representatives and those of the particular contractor or subcontractor during extensive periods of time to assure that such equipment will meet the requisite standards of performance. Such equipment requires lengthy testing before acceptance.

Admittedly, respondents' sales are made 100 percent to or for the U. S. and foreign Governments.

Respondent, by its own testimony, is not in the business of supplying components to the electronic industry but is a user of such components. In accordance with its Government contracts for production of its communications equipment, respondent is required to maintain an inventory of electronic components for incorporation in its own equipment so that the agencies utilizing same

may obtain such parts directly from respondents from time to time with full reliance upon the efficacy of the same as embodied within respondent's equipment, all of which is recognizedly custom built.

Petitioner, Electronic Components for Industry Co., was incorporated in the State of Missouri in August, 1958, and opened its doors the following month, with its business being that of a stocking distributor of electronic components. It is the business of petitioners to maintain as broad an inventory as possible of products of its suppliers so that the same can be transferred directly from the shelf to petitioners' customers as quickly as possible, even to the extent of using taxi-cabs. Petitioners' customers are in both the commercial and Governmental fields. The components sold by petitioners are within a very low price range commencing at less than a dollar. Petitioners on one occasion offered an article at a high of no more than $2,000, whereas a single unit of respondents' equipment may sell as high as $200,000.

At no time from August 1958 to the date hereof has any of the petitioners handled any proprietary product nor manufactured any product, but have dealt only in the products of its suppliers, such as General Electric, Texas Instruments, RCA, Westinghouse, Sola, and other nationally known concerns. Petitioners have only sold electronic components within the containers, and under the trademarks, of their suppliers. Petitioners' customers thus obtain from petitioners components by the trademarks of the manufacturers.

At all times herein involved, respondent has sold its complex equipment to Government contractors and subcontractors and petitioners have sold their components to industrial and commercial firms including some in the defense field. Thus, neither party sells to the public at large, but only to knowledgeable, discriminating, highly trained individuals.

In September 1958, petitioner Components ordered its announcements and business cards; and in October, 1958, disseminated the announcement of its distributorship of General Electric components under date of October 8, 1958. This document, in referring to petitioner Components, stated:

> "* * * ECI is well prepared to handle your requirements in a most effective manner."

Its own announcements were mailed on October 27, 1958, and therein petitioner Components referred to itself as "ECI".

> "ECI has been appointed INDUSTRIAL DISTRIBUTOR, etc. * * * please include ECI with your lists of suppliers, etc."

Petitioner Component's letterhead and business card enlarges and emphasizes the letters ECI in its company name and adjacent thereto present a stylized form of the interengaged letters ECI.

Upon commencing its business, petitioner Components' personnel started to use the letters ECI as an abbreviation of the company name in answering telephone calls:

> "I think it is commonplace practice for someone with a corporate name that long, Electronic Components for Industry Co., which is a real mouthful, to use a diminutive in answering the telephone, in making reference to themselves."[1]

In addition to continuously stressing the letters ECI in its company name, referring to itself as ECI on the telephone, and utilizing the stylized presentation of said letters on all of its stationery and the like, petitioner

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[1] The human propensity for abbreviating long names was remarked upon by the District Court in its Memorandum when it referred to plaintiff's contraction of its name to ECI as being "natural".

Components also used said letters in advertisements, and their suppliers' fliers, which were sent out to the trade; representatives of which are:

"List of Semiconductors in Stock"—dated February 19, 1959, carrying the notation—"ECI is prepared to furnish, Etc."

"Advertisement re G.E. Ignitron Tubes—disseminated June, 1959, carrying notation in arresting letters 'Ignitron Tubes from ECI * * *' get a quote from ECI".

"Distributors Net Prices"—dated July 1, 1959, showing the stylized presentation of the letters ECI.

St. Louis Semiconductor Application Clinic:—dated October 29, 1959, wherein defendant Components is referred to as "ECI of St. Louis"

"Save this Folder—Check List of Lines"— disseminated in 1960 and carrying the notation "Here is a list of lines stocked by ECI."

"Vitromone Capacitors"—dated April 11, 1960, which carries the following notations "ECI's St. Louis Warehouse" ECI's complete components inventory, etc.

In order to more effectively handle the business which petitioner Components had developed in the Western part of Missouri and the adjacent States, said petitioner caused a second corporation to be formed under the name of ECI Semiconductors, Inc., in 1961; which had the same officers and directors as petitioner Components. The name of said corporation was selected for the purpose of furthering the use of the term ECI to identify the business of petitioner, that is, as a part of a trade name. Later, petitioner ECI Chicago, Inc., also a Missouri Corporation was formed for the purpose of taking care of the business petitioner Components had developed in the Northern part of Illinois and environs. Thus, the utilization of the term ECI as a part of the trade names of ECI Semiconductors Inc. and ECI Chicago Inc. was a mere continuance of the trade accept-

ance of petitioner Components as ECI since at least September, 1958. The only use made of the term ECI by petitioners since the inception of Electronic Components for Industry Co. in August, 1958 was either as a trade name diminutive or nick-name, as it were, or as a part of a trade or corporate name. At no time has ECI been used by any of the petitioners as a trademark which, by definition, is a mark or symbol to identify one's goods from those of another (see 15 USC 1127).

Throughout this lengthy litigation petitioners have never attempted to assert any trademark rights in and to the term ECI but on the contrary continuously and repetitively, and fruitlessly, have tried to educate both the lower courts to show that petitioners were not claiming any trademark rights but only an interest in the use of the term ECI as a trade name to generally relate to their business of stocking distributors of electronic components. Neither of the lower courts appeared to comprehend the distinction between a trademark and a trade name.

In its opinion the District Court stated that it had jurisdiction by reason of 28 USC 1328 and 15 USC 1121 evidencing that it viewed its jurisdiction as being grounded upon an Act of Congress. The Court found that the first use of ECI by petitioners in connection with electronic goods was after the formation of petitioner ECI Semiconductors Inc. in 1961, when said petitioner "commenced to use a shipping label featuring ECI." The shipping label referred to by the Court carried the following notation:

FROM

ECI Semiconductors, Inc.
3265 Gilham Road Kansas City 9, Mo.

The District Court erroneously took the position that since the label was affixed to a container, petitioners' corporate name was, ipso facto, a trademark. It is elementary

that this label only bears a trade name and not a trademark. The District Court took absolutely no notice of, and made no reference in its decision to, the use of ECI by petitioner Components in its advertising as early as October 8, 1958 (see above) so that the use of ECI in the business of petitioners prior to the use of the 1961 shipping label was ignored by the Court despite the fact that such use was open and notorious and developmental of considerable good will in the business of petitioners.

The Court of Appeals in its opinion confirmed the view of the District Court in that the action was under 28 USC 1338 and 15 USC 1121; thus, being based upon an Act of Congress. The Court of Appeals stated that the "first use of ECI by any of petitioners on electronic goods or containers for electronic goods occurred after formation of defendant (petitioner) Semiconductors in 1961 when that defendant (petitioner) commenced using a shipping label featuring 'ECI,' and that this occurred after the first registration of 'ECI' by plaintiff (respondent) in 1960." Thus, the Court of Appeals considered the shipping label above set forth to be the first use by petitioners and to be, it will be observed, a trademark use. In alluding to petitioners' usage of ECI prior to 1961 the Court of Appeals considered same to be the mere advertisements of symbols without application to goods and thereby insufficient to constitute a trademark; and that such use could not "afford them (petitioners) protection for the mark."

Having held that petitioners first used ECI in 1961, after respondent's registration in 1960, both Courts then proceeded to hold that petitioners were negligent and not innocent in adoption of the term ECI; such finding, of course, being without acknowledgement of petitioner's use of ECI since 1958 over two years before respondent's first registration.

There was no evidence of confusion presented throughout the litigation and the District Court found that there was no evidence of direct competition of the parties in the sale of "any single item in any single market" and this despite the fact that the parties had been concurrently in business for over 10 years prior to the trial.

The Court of Appeals thus affirmed the District Court's entry of an injunction against further use of the term ECI by petitioners in their business; there being no award of damages. The fundamental errors implicit in the opinion of the District Court and the Court of Appeals, although difficult indeed to understand, seemingly stem from an erroneous view that a registered trademark can only be infringed by another trademark; and that since petitioners' trade name as a return address on shipping labels was affixed to a box the same could be conveniently, but erroneously, characterized as a trademark; and since this usage was in point of time later than respondent's registration a finding of infringement could seemingly be made.

A petition for a rehearing was timely filed but was denied on May 28, 1971. This petition for Writ of Certiorari seeks to review the Judgment of the Court of Appeals for the Eighth Circuit for the purpose of causing this case to be remanded for consideration only with respect to the rights of the parties under the common law of the State of Missouri; and not under the Trademark Act of 1946, which is clearly inapplicable; and together with recognition of petitioners' rights in and to the term ECI as a part of a trade name or as a trade name diminutive since 1958 within its field as a stocking distributor of electronic components only.

ARGUMENT AND REASONS FOR THE ISSUANCE OF THE WRIT

I

The Court of Appeals, in Failing to Recognize Petitioners' Rights With Respect to Their Peculiar Use of ECI Prior to Respondent's Registration Has Decided an Important Issue of Federal Law in a Way That Conflicts Directly or in Principle, With Applicable Decisions of This Court.

Respondent's Certificate of Registration No. 706,558 was granted November 1, 1960. Therefore, any rights respondent may have under the Trademark Act of 1946 can only have commenced as of the date of registration. There should be no need to cite authority for the view that any violation of a right of a registrant under a trademark registered in the U. S. Patent Office cannot occur until after the mark is registered. Said Act does not provide for retroactive statutory benefits or rights. The provisions of 15 USC 1115b (see Appendix G) recognized defenses and defects relative to a registrant's exclusive rights to use a registered mark. Thus, this section alone evidences the obvious intent that statutory protection cannot affect prior usage. Both the District Court and the Court of Appeals inferentially recognized the inherent lack of retroactive effect of said Act by making a finding that the aforesaid shipping label of ECI Semiconductors, Inc. was used in 1961, and hence subsequent to respondent's date of registration.

Despite the evidence as above set forth concerning use of ECI by petitioner Components as early as 1958, over two years before respondent's registration, the Court of Appeals saw fit to hold that petitioners' first use was not until 1961.

What is the basis for such an arbitrary fragmentation of use?

How can a court arbitrarily ignore rights established before registration in order to rely upon post-registration usage to set up infringement?

The basic error that both the Courts below made was to improperly assume that petitioners were attempting to assert a superior trademark right. Then upon this fallacious assumption both Courts improperly tried to find a usage by petitioners which in the Courts' minds would approximate that of a trademark. Since the aforesaid shipping label was applied to a container both Courts assumed that the same must be a trademark since the containers were used to ship merchandise. This view ignored the fact that the expression "ECI" on such label was nothing more than part of a return address, and that the contained merchandise bore the trademarks of the manufacturers. Thus, by erroneously ascribing a trademark usage to such shipping label, the Courts could then wrongly hold that the non-existing contentions of petitioners for trademark rights had to spring from the 1961 date. Since that date was subsequent to the date of registration both Courts could then conveniently hold that there was infringement. Both Courts accordingly piled one error upon another so that the developing construction of the facts became progressively weaker in view of the fault-ridden foundation.

The use of "ECI" in "ECI Semiconductors" was obviously not a trademark usage but as part of a trade name and being nothing more than a usage consistent with the earlier use of ECI by petitioner Components. The Court of Appeals made reference in its decision to 15 USC 1127 (see Appendix G) but apparently failed to note the definition of trade name. Neither Court demonstrated a capacity to distinguish between a trade name

and a trademark and this unfortunate lack caused both Courts to arbitrarily ignore rights that petitioners had developed in the use of the term ECI prior to registration, which rights were of the same character and quality as those being continuously developed through usage of ECI in "ECI Semiconductors, Inc." and in "ECI Chicago, Inc." as trade names. It is elementary that the above described label (see p. 7 above) only bears a trade name, not a trademark. The Court should take judicial notice of this fact.

This Court in **United Drug Co. v. T Rectanus Co.** (1918), 248 US 90, 97, 63 L Ed. 141, 39 S Ct. 48, stated that the function of a trademark is "to designate the goods as the product of a particular trader and protect his good will against the sale of another's product as his". This definition is indeed one and the same as that set forth in 15 USC 1127. Obviously, petitioners' use of ECI as a trade name diminutive or as part of a trade name, and as used on shipping labels and advertising did not and could not function in the manner of a trademark as defined by this Court. Such use manifestly merely identified petitioners' business. The products in which petitioners dealt did carry the trademarks of their suppliers but not any trademark of petitioners. Thus, the Courts below clearly did not differentiate between a trade name and a trademark in accordance with definitions for the same established by precedent.

In the leading case on this particular point, **In re Lyndale Farm** (CCPA—1951), 186 F2d 723, 88 USPQ 377, the Court held the expression "Lyndale Farm, Floydada, Texas" to constitute a trade name as opposed to a mark, and accordingly, affirmed the refusal to register the term as a trademark. In the case of **In re Walker Process Equipment, Inc.** (CCPA—1956), 233 F2d 329, 110 USPQ 41, the Court refused to register as a trademark the term

"Walker Process Equipment, Inc." on the ground that it was "merely a trade name". The Court noted that the particular specimens carried the words, "Aurora, Illinois", denoting the location of the company. Also pertinent is **Duncan Electric Mfg. Co. v. Marzall** (DC Dist. Col—1952), 95 USPQ 242. Therein the plaintiff utilized on labels attached to shipping cartons and on plates attached to the goods the notation "Duncan Electric Mfg. Co., 3rd & Mechanic Streets, LaFayette, Indiana". The Court held such usage indicated to the public a trade name and not a trademark. In **Ex parte Process Equipment Company, Inc.** (Com. Pats—1957), 114 USPQ 505, the applicant, on gummed labels for addressing shipments of fourth class mail, set forth the name "Process Equipment Company, Inc." together with "177 State Street, Boston 9, Massachusetts". The Court stated this to be only a trade name use as it was a return address for fourth class mail.

Therefore, the label of petitioners herein shows nothing more than a trade name usage, which is the only type of usage defendants have ever made involving the letters ECI. It was thus a basic error on the part of both Courts to find that the petitioners had used the term ECI as a trademark when in fact petitioners never had made such usage.

The Court of Appeals tried to rationalize its rejection of any significance of the usage of ECI by petitioners before 1961 by stating that such was a mere advertising use and, since it was without application to the goods themselves, was "insufficient to constitute a trademark". This earlier use by petitioners was deemed by the Court to be such as to not "afford them protection for the mark or to show prior use". These statements alone demonstrate the complete confusion of the Court of Appeals as it underscores that Court's impression that cre-

ating a trademark use somewhere by petitioners was crucial and its lack of appreciation that good will and property rights may be developed in an advertising term for identifying a company, whether it is directly affixed to the goods or not.

To put it succinctly, it would appear that the Court of Appeals, as well as the District Court, for some inexplicable reason assumed that it had to find a trademark use so as to set same off against the Statute or to pit, as it were, a trademark against a trademark.

This gross failure to appreciate a trade name and rights appurtenant thereto even lead the District Court to such an erroneous view as to cause it to adopt substantially verbatim the opinion of the Court in the case of **Varian Associates v. IMAC Corp.** (DCND Ill.—1968), 160 USPQ 283, which was indeed a true trademark against another trademark case and totally unlike the present action.

Both Courts in their opinions revealed an exercise in attempting to wear a shoe that just didn't fit. As a result of the artificial fragmentation by the Courts of petitioners' use of ECI, that is, whereby only the year 1961 was important, the Courts then compounded the inaccurate findings by holding that petitioners were negligent and not innocent in using ECI in its name Semiconductors in 1961, almost three years prior continuous usage.

Therefore, it is submitted that neither Court below had jurisdiction by reason of the Trademark Act of 1946, much less under any other Act of Congress. Regrettably, all too often federal courts are unduly impressed with trade mark registrations, unfortunately tending to evaluate same as Letters Patent. Registrations cannot in any way enlarge rights so as to overcome usage before registration.

It must at all times be remembered that in this litigation there was no allegation to the effect, or any evidence

submitted which in any way suggested, that petitioners sought to pass off their goods as those of respondent; sought to ride upon the coattails of respondents; or that the petitioners' utilization of ECI as a part of a trade name diminutive was fraudulent. The adoption was in good faith, without knowledge of respondent; and over two years before respondent's registration.

This case should be reviewed by this Court to the end that the rights of the parties be determined by the common law of the State of Missouri, in light of their respective activities and within their respective markets and geographic territories since 1958; and without respect to the Trademark Act of 1946, which has no pertinency whatever in this action. In viewing petitioners' trade name usage, which it was, and not trademark use, which it was not, the clear lack of confusion for the period in excess of 10 years prior to trial, and almost over 13 years to the present time, is fully self evident, and the lack of any likelihood of confusion in the future is equally self evident.

CONCLUSION

For the reasons given hereinabove this Court should issue its Writ of Certiorari to the Court of Appeals for the Eighth Circuit to review that Court's decision in this case.

RALPH W. KALISH
1604 Chemical Building
721 Olive Street
St. Louis, Missouri 63101
Attorney for Petitioners

APPENDIX A

United States Court of Appeals
for the Eighth Circuit

No. 20,079

Electronic Communications, Inc.,
Appellee,

v.

Electronic Components for Industry Co., ECI Semiconductors, Inc., and ECI Chicago, Inc.,
Appellants.

Appeal from the United States District Court for the Eastern District of Missouri.

[May 6, 1971.]

Before Mehaffy, Gibson and Bright, Circuit Judges.

Mehaffy, Circuit Judge.

This appeal is from an action for infringement of plaintiff's trademark, "ECI," registered in the United States Patent Office, and for unfair competition for use of such trademark and plaintiff's trade name. Plaintiff sought an injunction to prohibit defendants' use of the trademark, "ECI."

Plaintiff is Electronic Communications, Inc., a New Jersey corporation with its principal place of business in St. Petersburg, Florida. Defendants are Electronic Components for Industry Co., ECI Semiconductors, Inc. and ECI Chicago, Inc., Missouri corporations with their prin-

cipal place of business in St. Louis, Missouri. All defendants are under the same ownership and management and for convenience will be referred to hereafter as defendants. Jurisdiction is based on 28 U.S.C. § 1338 and 15 U.S.C. § 1121.

The district court found that plaintiff was the prior user, having first used the mark "ECI" in early 1957, at which time Electronic Communications, Inc. was a wholly owned subsidiary of Air Associates, Inc. In April, 1957 the name of this subsidiary was adopted as plaintiff's name, and the name, Air Associates, was retained as the name of a subsidiary or division of the company. The district court specifically found that plaintiff had made sales of products marked with "ECI" to McDonnell Aircraft in St. Louis, Missouri in 1957 prior to the inception of any of the defendants. It also found that plaintiff used "ECI" in its sale of facsimile equipment to the Signal Corps in St. Louis in 1958, before the conduct of any business by any of the defendants.

The court held that the mark "ECI" was completely arbitrary and fanciful and was neither descriptive nor suggestive of any of the goods, generally termed electronic equipment, of either of the parties nor descriptive or suggestive of any of plaintiff's business or services. The court also held that plaintiff had diligently enforced its right to the trademark against third parties and brought the present suit after successful conclusion of prior litigation.

The district court found that the first use of "ECI" by any of the defendants on electronic goods or containers for electronic goods occurred after formation of defendant Semiconductors in 1961 when that defendant commenced using a shipping label featuring "ECI," and that this occurred after the first registration of "ECI" by plaintiff in 1960. The court found that defendants now advertise

electronic goods under the mark "ECI" which are covered by plaintiff's registrations and which are manufactured and sold by plaintiff, and that both companies have listed "ECI" parts numbers and in some instances parts meeting precisely the same military specifications are listed by both plaintiff and defendants under their "ECI" parts numbers.

It was found that the trademark "ECI", being all capital letters and in that order is identical in plaintiff's trademark registration No. 706,588 and in defendants' shipping labels, stickers, packing slips, forms for billheads and other items. All of plaintiff's other trademark registrations also feature "ECI" written in dominating capital letters and in that order, but with different associated figurative designs. The court held that there was a likelihood of confusion among purchasers and prospective purchasers of goods when marketed under the trademark "ECI," that "ECI" had acquired a secondary meaning as referring to the goods and services of plaintiff, and that defendants were negligent in not conducting an investigation for registrations or applications to register. The court noted that plaintiff was seeking only an injunction and did not object to defendants using a stylized presentation of Electronic Components for Industry Co. that accents the E, C, and I. The court rejected the defense of laches as a bar to injunctive relief for plaintiff. The court held that plaintiff's registrations were valid, unrevoked and uncancelled, and enjoined defendants from continued infringement and from continued unfair competition with plaintiff.

The memorandum opinion of The Honorable James H. Meredith, now Chief District Judge, is reported at 308 F.Supp. 267. We affirm the judgment of the district court.

Broadly stated, the issues before us are whether plaintiff should be barred injunctive relief because of conduct amounting to laches, whether the district court's finding

as to the likelihood of confusion was clearly erroneous, and whether the district court's determination as to priority of trademark use was clearly erroneous.

We find solid evidentiary support for all of the court's findings. We have frequently called attention to our function and limitations in cases tried before the court sitting without a jury. *Parke-Davis & Co. v. Stromsodt,* 411 F.2d 1390, 1394 (8th Cir. 1969). In a decision involving protection of a trademark, *Humble Oil & Refining Co. v. American Oil Co.,* 405 F.2d 803, 814 (8th Cir. 1969), *cert. denied,* 395 U.S. 905 (1969), Judge Blackmun in discussing the clearly erroneous rule described it as a hornbook rule.

Defendants characterize as the primary issue here laches or equitable estoppel based on plaintiff's delay of five years before instituting this action. We note at the outset of this discussion that plaintiff began using the mark "ECI" early in 1957. In April of 1957 after plaintiff adopted the name of its subsidiary, it used the mark "ECI" extensively throughout the United States and abroad. At this juncture, defendants' first company was not even in business. Its first company was incorporated in August, 1958 and its first use of the mark on electronic goods or their containers was in 1961, a year after plaintiff's first registration of the mark "ECI."

It is true that some five years intervened before plaintiff brought the instant suit, but when it was ascertained that defendants were using this mark and, we might add, in a territory penetrated by plaintiff, plaintiff corresponded with defendants and notified them of registration of its trademark. Nonetheless, defendants not only persisted in using the mark but even audaciously after institution of this suit incorporated the defendant ECI Chicago, Inc.

Plaintiff had a valid reason for delaying institution of this action. It was engaged in litigation on the same sub-

ject against another company for the purpose of protecting its trademark and the present action was commenced shortly after termination of the New York litigation. Additionally, plaintiff was in correspondence with other infringers, and we also note that plaintiff sought no damages in the instant case, but solely an injunction against further infringement. This court held in *San Francisco Ass'n for the Blind v. Industrial Aid for the Blind, Inc.*, 152 F.2d 532, 537 (8th Cir. 1946), that a delay of eight years in bringing an action for infringement of a trademark, after having notified the defendant that the use of the trademark was an infringement, would not prevent the issuance of an injunction but in some cases might deprive the plaintiff of any right to damages.

It is interesting to note the discussion on this subject in an old opinion of this court by the first Judge Sanborn, *Stearns-Roger Mfg. Co. v. Brown*, 114 F. 939, 945 (8th Cir. 1902), where Judge Sanborn observed: "Moreover, delay in prosecuting other infringers during the time while the validity of a patent is in litigation does not constitute laches. (Citing cases.)"

The cases relied upon by defendants for reversal are readily distinguishable. In *The Seven-Up Co. v. O-So Grape Co.*, 177 F.Supp. 91 (S.D. Ill. 1959), *aff'd*, 283 F.2d 103 (7th Cir. 1960), *cert denied*, 365 U.S 869 (1961), the Court of Appeals found that there was something more than delay present and stated that mere delay in bringing suit ordinarily does not affect the right to an injunction against further use of an infringed trademark. The court there said, 283 F.2d at 106:

> "Mere delay in bringing suit ordinarily does not affect the right to an injunction against further use of an infringed trademark. (Citing cases.)
>
> . . . . . .

"In the case at bar, much more than mere delay is present."

Defendants advance the argument that *Theodore Rectanus Co. v. United Drug Co.*, 226 F. 545 (8th Cir. 1915), *aff'd*, 248 U.S. 90 (1918), distinguished the cases of *McLean v. Flemming*, 96 U.S. 245 (1878), and *Menendez v. Holt*, 128 U.S. 514 (1888), as being restricted to situations where the plaintiff was diligent in giving notice to desist and the defendant's actions had not been innocent, but those factors are present in the instant case. Here, defendants had notice of plaintiff's rights as early as 1962 but contended that there was no infringement and persisted in using the mark despite the notice. The district court found defendants negligent in so doing which is another way of saying defendants were not innocent; hence the distinctions of *Rectanus* do not apply here. Actually, the holding in *Rectanus* is based on negligence and is a case where injunctive relief was barred by "estoppel by negligence." Here, the district court held that plaintiff was not negligent and that defendants were negligent in not causing a search to be made of the registrations and in continuing to use the mark after notice. It is obvious that *Rectanus* is no authority for reversal in this case.

In its findings, the district court did not find plaintiff guilty of laches. The court stated that "the delay of plaintiff in bringing this action will not prevent the issuance of an injunction against further infringement." The district court cited and granted relief upon *San Francisco Ass'n for the Blind v. Industrial Aid for the Blind, supra*, which defendants attempt to distinguish upon the ground that the public at large is not involved before us as in that case. As we view *San Francisco Ass'n*, it directly supports the holding of the district court. There can be no doubt that the district court found only delay and not laches for it said:

> "The present action was brought after defendants had ignored plaintiff's complaining correspondence and soon after successful conclusion of the prior litigation."

Certainly we cannot say that the district court's findings on this point are clearly erroneous.

The district court found the delay to be excusable, but it also made other findings as to the equities. It found that plaintiff had diligently enforced its right to the trademark. It found that for the period up to and until 1968 defendants had offered no proof of advertising or promotional expenses. It further found that plaintiff had done substantial business under its trademark in the St. Louis area before the inception of any of the defendants. These facts are supported by the evidence and point to the correctness of the result reached by the district court.

Next, defendants argue that the district court's finding as to the likelihood of confusion was clearly erroneous. In *Sweetarts v. Sunline, Inc.*, 436 F.2d 705 (8th Cir. 1971), we recognized that the issue of likelihood of confusion in a trademark infringement case is one of fact for resolution by the trial court, citing *Shoppers Fair of Arkansas, Inc. v. Sanders Co.*, 328 F.2d 496 (8th Cir. 1964). As we have heretofore pointed out, such factual findings will not be set aside by a reviewing court unless clearly erroneous.

Defendants attack the court's finding "that both plaintiff and defendants are in the same business" as being without support in the record. This finding is not one which the district court listed as supporting its holding of likelihood of confusion, but we observe that after making the complained of statement the court went on to say:

> "They both supply electronic devices, parts and components. While the main aspect of plaintiff's business

> is sales and services to the defense industry and defendants' business is oriented toward supplying industry with components, it is clear that there is some overlapping now, and that there will be more overlapping as the businesses expand."

Taken in the context of the court's explanation, there is an abundance of evidence to support the court's statement. Defendants' 1962 catalog clearly shows that it is offering to supply electronic parts to the military and the defense industry. Both parties have made sales to McDonnell Aircraft. Defendants' president admitted that the industrial market, as they supply it, includes electro-space industries, the commercial and military aviation industry and the military, as the district court so found.

Defendants also argue that neither party sells by trademark, but this argument is without merit since the evidence clearly shows that both parties advertise by trademark and attach their trademarks to goods within the meaning of the Lanham Act, 15 U.S.C. §§ 1114 and 1127.

Defendants contend that the purchasing public is not involved, that there is no actual confusion and that purchasers are discriminating, and cite *David Sherman Corp. v. Heublein, Inc.*, 340 F.2d 377, 379, 380 (8th Cir. 1965). They either misunderstand or misconstrue the holding in that decision which is in no way limited to the "purchasing public" as defendants construe that term. We stated in that opinion:

> "The purchaser contemplated is the ordinary one who uses ordinary caution 'buying under the usual conditions prevailing in the trade, and giving such attention as such purchasers usually give in buying that class of goods', . . . or, as has been said otherwise, 'an ordinarily prudent purchaser'."

There was no proof of confusion in *Sherman* and such proof is not a prerequisite, *Sweetarts v. Sunline, Inc.*,

380 F.2d 923, 927 (8th Cir. 1967), but it is the likelihood of confusion which establishes infringement, *Sweetarts v. Sunline, Inc., supra,* 436 F.2d 705. We note that the instant record reveals that in plaintiff's prior litigation with third parties, actual confusion had resulted from the use of "ECI" on electronic goods.

Finally, defendants argue that the district court erroneously determined the issue of prior trademark usage. Initially we note that plaintiff has no objection to 'defendants' using a stylized presentation of Electronic Components for Industry Co. that accents the E, C and I as found in defendants' Exhibits A and J wherein the order in which the letters appear cannot be determined.

On this issue defendants first argue that the use of packing slips and labels on the outer or shipping containers does not constitute trademark use and therefore they have not infringed. This argument flies in the teeth of the plain language of the statute. They also argue that the court was in error in finding that they had used a trademark or service mark, claiming that they only used a trade name. They urge that they were not the source of origin of any of the merchandise they handled and therefore in this case there is no evidence of trademark usage, much less service mark usage by defendants. Such a view is far too restrictive a view of trademarks. The court in *Victor Tool & Machine Corp. v. Sun Control Awnings, Inc.,* 299 F.Supp. 868, 874 (E.D. Mich. 1968), *aff'd,* 411 F.2d 792 (6th Cir. 1969), stated:

> "The use of a trademark, however, does not necessarily and as a matter of law impart that the articles on which it is used are manufactured by the user. It is enough that they are manufactured for him, that he controls their production, or that they pass through his hands in the course of trade and that he

gives to them the benefit of his reputation or of his name and business style."

Defendants cannot avoid the effect of plaintiff's valid registration of its trademark by taking it and adding their name to it. See *Menendez v. Holt, supra.*

Defendants then speciously argue that their use of the trademark was prior to that of the plaintiff. The court's finding to the contrary was based on the uncontradicted testimony of defendants' president that none of defendants used "ECI" or those letters in that order on any shipping labels, packing slips, billheads, etc., until after the formation of ECI Semiconductors in 1961. Although defendants argue that "ECI" is found in certain advertisements, announcements and other exhibits which were allegedly made prior to the first use listed in plaintiff's registration, this contention is in direct contradiction to the testimony of defendants' president. In any event, there is no evidence that "ECI" was applied to any goods or cartons for goods of defendants prior to 1961. The right to a trademark is acquired by appropriation and use as such, and actual use in commerce in connection with the goods is necessary to the acquisition of any rights. The mere advertisement of words or symbols without application to the goods themselves is insufficient to constitute a trademark. *Victor Tool & Machine Corp. v. Sun Control Awnings, Inc., supra; Gray v. Armand Co.,* 24 F.2d 878 (D.C. Cir. 1928). The use claimed by defendants was not such as to afford them protection for the mark or to show prior use. We are not here dealing with the question of infringement under the statute, but with prior use, and the questions are separate. See *Diederich v. W. Schneider Wholesale Wine & Liquor Co.,* 195 F. 35 (8th Cir. 1912), and Judge Sanborn's dissenting opinion therein. Even a single use may be an infringement of

a registered trademark. See *Drop Dead Co. v. S. C. Johnson & Son, Inc.*, 326 F.2d 87 (9th Cir. 1963), *cert. denied*, 377 U.S. 907 (1964).

We have noted defendants' statement that there is here involved a common law trademark. We do not agree, but the peculiar facts in this case would demand the same conclusion in any event.

In summary, we are dealing here with a plaintiff who has used the mark "ECI" since 1957 throughout the world in connection with the sale of goods and services valued in excess of $265,000,000.00. During this usage plaintiff has expended in excess of $1,000.000.00 in advertising and promotional expenses in connection with its registered trademark. Following defendants' usage plaintiff notified defendants of their infringement, but nonetheless defendants not only persisted in using the mark but even after this litigation was instituted formed another company with the same initials. They branched out and now advertise with catalogs offering for sale a wide variety of electronic goods and feature "ECI" in connection with their sales. Their bills carry the instruction to customers to "make checks payable to ECI." The goods of both plaintiff and defendants generally consist of electronic equipment or parts thereof. Defendants' annual volume of electronic components business, with a very modest beginning, now approximates $2,000,000.00. There is an overlap in the goods handled and defendants' continued use of plaintiff's trademark cannot with any degree of equity be condoned when plaintiff used the mark "ECI" and registered the same, sold its products in the St. Louis area even before the existence of defendants' companies and notified defendants of its registration of the trademark without deterring them until the trial, the suit having been instituted after successful conclusion

of litigation against a company in another section of the country, which was likewise an infringer.

The trial court's findings have solid support in the record evidence and the district court very properly entered an injunction order. We affirm its judgment.

A true copy.

Attest:

Clerk, U. S. Court of Appeals, Eighth Circuit.

APPENDIX B

United States District Court
Eastern District of Missouri
Eastern Division

Electronic Communications, Inc.,
Plaintiff,

vs.

Electronic Components for Industry Co., ECI Semiconductors, Inc., and ECI Chicago, Inc.,
Defendants.

No. 67 C 440 (2)

Memorandum

(Filed October 1, 1969)

This case was tried to the Court without a jury. Plaintiff, Electronic Communications, Inc., is a New Jersey corporation, with a principal place of business in St. Petersburg, Florida. Defendants, Electronic Components for Industry Co., ECI Semiconductors, Inc., and ECI Chicago, Inc., are Missouri corporations, with their principal place of business in St. Louis, Missouri. This Court has jurisdiction over the parties and the subject matter of this action under 28 U.S.C. 1338 and 15 U.S.C. 1121. This is an action for infringement of plaintiff's trademark, "ECI", registered in the United States Patent Office, and for unfair competition by defendants for use of such trademark and plaintiff's trade name. Plaintiff is seeking an injunction to prohibit defendants' use of the mark "ECI".

The plaintiff's registrations are No. 706,588, registered November 1, 1960, No. 706,255, registered October 25, 1960, No. 775,282, registered August 18, 1964, No. 836,699,

registered October 10, 1967, and No. 849,592, registered May 21, 1968. Each of these registrations is for the trademark "ECI" in block capital letters and in that order, portrayed alone or with an accompanying design. According to the certificates of registration, these marks have been used in connection with radio transmitting and receiving equipment and component parts therefor, electronic circuitry, components, multiplexers, power amplifiers, activators, data link equipment, mobile communications terminals, test and check-out sets for radio-transmitting and radio receiving equipment, flight control equipment and radio-channel multiplexing equipment; the marks have also been used for engineering and consulting services rendered to others on a contract basis, namely, conducting surveys, design studies and research related to electronics, communications, and data processing. Plaintiff has also used "ECI" as a trade name, in connection with its business as a whole and in its subsidiary operations.

Plaintiff first began to use the mark "ECI" in early 1957, at which time the parent company was Air Associates, Incorporated. The mark "ECI" was a natural contraction of Electronic Communications, Inc., which was the wholly-owned subsidiary of Air Associates. In April 1957, following stockholder approval, the name of this subsidiary was adopted as plaintiff's name, and the "ECI" use, which had already begun prior to this formal change of name, continued.

During the period following its first use in 1957, the mark "ECI" has been used by plaintiff, throughout the United States and abroad, in connection with the sale of goods and services valued in excess of $265,000,000.00. Since its first "ECI" use, plaintiff has disbursed in excess of $1,000,000.00 in advertising and promotional expense in connection with the mark "ECI".

Defendants' use of the trademark, service mark, and trade name "ECI" is charged to be an infringement of plaintiff's registered marks and to constitute unfair competition with plaintiff, for use of plaintiff's trademarks, service marks and trade names. Defendants have used "ECI" in connection with the sale or offering for sale electronic components and related items.

As a contraction or abbreviation, the mark "ECI" is completely arbitrary and fanciful and is not descriptive or suggestive of any of the goods, which may generally be termed electronic equipment, in connection with which the mark is used. Neither is the mark "ECI" descriptive or suggestive of any of the plaintiff's business or services, which may be generally termed electronics business and services, in connection with which the mark is used.

Plaintiff has diligently enforced its rights to the trademark "ECI." In correspondence and in prior litigation, third parties have been caused to cease use of "ECI" in recognition of plaintiff's said mark. The present action was brought after defendants had ignored plaintiff's complaining correspondence and soon after successful conclusion of the prior litigation. Evidence was presented that, in plaintiff's prior litigation, actual confusion had resulted from use of "ECI" on electronic goods of both litigants.

Defendants' president introduced evidence that certain other "ECI" trademarks were presently known to him. Defendants' president testified that there was a 1968 advertisement in which "ECI" appeared on behalf of a Connecticut company, and that he had received in 1968 that company's catalog of electric switches. He said he had corresponded in 1968 with a Massachusetts company in the printed-circuit business that referred to itself as "ECI" in the text of its letter. He said that in 1968 he had received promotional catalog information from a New Jersey company showing "ECI" on electronic counters.

Finally, he told of his associate's 1968 correspondence with a California company in the electroplating business and having "ECI" on its letterhead. No proof of a trademark use was made as to any of these companies, and the witness testified only as to replies to correspondence which he initiated after litigation commenced, in the name of Edemco, Inc., which is another one of the family of Missouri corporations having the same principal offices and officers as defendants.

Plaintiff's vice president, secretary and treasurer, testified that he had no prior knowledge of any of the four third-party companies to which defendants' president had testified, except that he had recently seen an advertisement for the Connecticut Company and that the matter of complaining as to that company's "ECI" use was pending, in the hands of counsel. Defendants did not show that plaintiff had knowledge of any infringing trademark uses and failed to take action against alleged infringers. Plaintiff has enforced its trademark rights against third parties.

Defendant Components is the oldest of the defendants, having been incorporated August 18, 1958, and first used the mark "ECI" in connection with electronic goods when, after formation of defendant Semiconductors in 1961, it began to share with defendant Semiconductors the same printed form for packing slips, billheads, and the like. Such documents then began to, and still do, carry the instruction to customers: "Make checks payable to ECI."

The first use of "ECI" by any of the defendants on electronic goods or on containers for electronic goods occurred after formation of defendant Semiconductors in 1961, when that defendant commenced to use a shipping label featuring "ECI". This was after the first registration of "ECI" by plaintiff in 1960.

The first of defendants' catalogs was issued in 1962 and featured "ECI" in connection with the offering for sale

of a wide variety of electronic goods, including amateur radio equipment, antennas, remote controls, radio control system components, radio receivers and transmitters, electronic test instrumentation and electronic component parts. Defendants' president testified that there were aircraft builders and electrospace manufacturers in their clientele of 1962, and these customers would have been among those solicited by defendants' catalog distribution. Defendants have never refused to sell a customer anything from their 1962 "ECI" catalog, and the introduction contains the encouraging words that: "Many new items will be stocked by ECI . . . that are not listed."

Defendants offered no proof of advertising or promotion expenses in any connection. Until 1968, their only promotion took the form of direct-mail letters to customers, including the mailing of supplier's literature overprinted with identification of one or more defendants. Their first advertising expense of any kind was incurred in 1968, the year after the filing of the complaint herein. Such first advertising was in "Electronic News", the nationally circulated weekly electronics trade newspaper, on which plaintiff importantly relies for publication of news releases, product and capability advertising and employee-recruitment advertising, all in connection with plaintiff's mark "ECI".

Defendants' president testified that defendants decided to advertise in "Electronic News" because this offered an opportunity to expand the basis of sales. The items advertised as "integrated circuits", which are electronic circuitry, one of the items reeited in plaintiff's "ECI" registration No. 706,588. Plaintiff manufactures integrated circuits bearing its "ECI" trademark.

The trademark "ECI", being all capital letters and in that order, is identical in plaintiff's trademark registration No. 706,588 and in defendants' shipping labels, stick-

ers, "give-aways" to customers, and forms for billheads, packing slips, etc. All of plaintiff's other trademark registrations also feature "ECI", written in dominating capital letters and in that order, but with different associated figurative designs as the "logo" evolved.

The letterheads, calling cards, address labels, and packing slips of defendant Components have all carried the company name, fully written out, as well as a figurative design which is suggestive of electrons in orbit. Defendants' president testified that this symbol was his company's stylized use of "ECI", but on cross-examination he admitted that in this stylized use, one could not tell which of the letters comes first.

Plaintiff and defendants have used the mark "ECI" in connection with a wide variety of electrical and electronic parts and equipment. Plaintiff, in addition to the goods named in its trademark registrations, has used the mark "ECI" in connection with control-element actuators, navigation equipment, computers, aircraft instruments, ammunition boosters, fuel pumps, and simulators. In addition to the services recited in plaintiff's service mark registration No. 849,592, plaintiff has used the mark "ECI" in services involving development studies in communications theory, radar, electronic countermeasurers, infrared techniques, antennas, solid-state applications, and ferrite phase shifters, as well as in services pertaining to environmental and field testing of electronic equipment, devices, and components. Plaintiff's mark "ECI" is also featured in connection with the technical seminars it conducts for the electronics profession, as is also the case for such seminars sponsored by one or more of the defendants.

The goods of plaintiff and defendants generally consist of either electronic equipment or parts therefor, or parts that would find a use in conjunction with electronic

or electrical equipment There has been no evidence introduced that plaintiff and defendants are direct competitors in the sale of any single item in any single market. However, defendants' president testified that his companies have offered to sell such equipment and that the electronic component parts sold by defendants can go into electronic communications equipment. Both parties have listed "ECI" part numbers, so that customers may order particular electronic component parts. In some instances, parts meeting precisely the same military specification are listed by plaintiff under its "ECI Part No." and are listed by defendants under their "ECI No."

Plaintiff's and defendants' goods, in connection with which the mark "ECI" is used, very considerably in price range. Some of plaintiff's individual components are low-cost items, and the cost of other of plaintiff's electronic goods ranges up to and considerably in excess of $1,000.00. The highest-price equipment ever sold by plaintiff cost approximately $200,000.00. Defendants' president testified that the goods it has sold and offered for sale range from less than $1.00 to as much as $2,000.00. Plaintiff's Quality Assurance Manager recognized, as products supplied from plaintiff's stock, on customer order, all the physical-exhibit items introduced to illustrate low-price electronic components sold from stock by defendants.

The volume of plaintiff's electronic-components or spare-parts business has averaged in excess of $1,000,000.00 per year, since 1957, exclusive of the electronic-components business of Scott Electronics, plaintiff's wholly-owned subsidiary. The annual volume of defendants' electronic-components business had modest beginnings and now approximates $2,000,000.00. There is, thus, an overlap in the price ranges of the goods sold by plaintiff and by the defendants, and the volume of the overlapping electronic-components or spare-parts businesses of the parties is substantially the same.

In several instances, the purchasers of goods of defendants and plaintiff were shown to be the same. Both plaintiff and defendants have used "ECI" in their sale of goods to McDonnell Aircraft in St. Louis, Missouri, the plaintiff having made "ECI" sales to McDonnell in 1957, prior to the inception of any of the defendants. Plaintiff also used "ECI" in its sale of facsimile equipment to the Signal Corps in St. Louis in 1958, prior to the conduct of business by any of the defendants. Defendants' president admitted that the industrial market, as they supply it, includes electro-space industries, the commercial and military aviation industry, and the military. In fact, the first page of defendants' 1962 catalog assures the prospective customer that defendants can supply parts with "SigC" designations; SigC is the recognized abbreviation for the Signal Corps, plaintiff's pre-defendants St. Louis customer.

The promotion of defendants' sales, through its catalog efforts, includes offers for sale to amateur radio operators, who are the specific customers for the amateur radio equipment which plaintiff has recently launched in the natural expansion of its "ECI" radio communications business.

Considering individually and collectively (1) the identical use of "ECI" by the parties, (2) the arbitrary and fanciful nature of the trademark "ECI", (3) the length of time that plaintiff has manufactured and sold goods under its trademark, (4) the geographical spread of sales of plaintiff under its mark, (5) the dollar amount of plaintiff's goods and services sold under its mark, (6) the amount of advertising and sales promotion expenditures of plaintiff throughout its years of use of the trademark "ECI", (7) the fact that the trademark "ECI" is plaintiff's trade name, identifying plaintiff with all aspects of its business, (8) the relatively brief period of

use and small amount of advertising and sales promotion made by defendants of the trademark "ECI", (9) the similarity of goods sold and offered for sale by the respective parties under the trademarks, (10) the overlap of customers and prospective customers of the parties, and (11) the fact that the parties are expanding their product line and diversity of customers, there is likelihood of confusion among purchasers and prospective purchasers of the goods of the parties when marketed under the trademark "ECI".

From a collective consideration of (1) the duration and geographical extent of use of the mark "ECI" by plaintiff, (2) the dollar volume of goods and services sold under the mark by plaintiff, (3) the extensive expenditures for advertising and sales promotion in connection with the mark, (4) the fact that plaintiff has policed the mark against infringers, (5) the fact that plaintiff has never been restrained from using the mark, and (6) because of the evident association in the mind of the purchasing public of the trademark "ECI" with plaintiff as the particular source of goods and services marketed thereunder, the trademark "ECI" has acquired a secondary meaning as referring to the goods and services of plaintiff.

For reasons recited with respect to trademark infringement and, in addition, because plaintiff has established that its mark "ECI" has acquired a secondary meaning indicative of plaintiff as the source of goods and services so marked, and because plaintiff had done substantial business under its mark "ECI" in St. Louis before the St. Louis inception of any of the defendants, the defendants, by the sale of goods and other conduct of their business under the mark "ECI", have unfairly competed with plaintiff. However, it is noted that plaintiff has waived its claim for damages.

Defendants' president testified that he had no knowledge of plaintiff or its use of "ECI" until notice from plaintiff's counsel in October 1962. However, the defendants' first use of "ECI" on or in connection with goods sold had only recently commenced, and two of plaintiff's "ECI" trademark registrations had been in force since 1960. Defendants introduced no evidence to show that any search or investigation was made as to existing trademark registrations or applications to register or trade names, prior to their first use of "ECI" in 1961. In view of defendants' failure to conduct such a search or investigation, and in view of defendants' continued use after defendants had been put on notice in writing by plaintiff, defendants were negligent in persisting in their violation of plaintiff's trademark, servicemark, and trade name rights in "ECI".

Of the above stated facts, there are several that seem to be significant. One of these is that both plaintiff and the defendants are in the same business. They both supply electronic devices, parts, and components. While the main aspect of plaintiff's business is sales and services to the defense industry and defendants' business is oriented toward supplying industry with components, it is clear that there is some overlapping now, and that there will be more overlapping as the businesses expand. It is also clear that plaintiff is a relatively well known supplier in the defense industry and has a nationwide reputation as such, while defendants' trade area consists primarily of the St. Louis and midwest regions.

Another significant factor is the exact nature of this suit. Plaintiff seeks only an injunction to prevent the use of "ECI". It has no objection to defendants using a stylized presentation of Electronic Components for Industry Co. that accents the E, C, and I. Its objection is to the use of its registered trademark "ECI". As stated earlier, "ECI" is arbitrary, fanciful, and not descriptive

of any goods or services involved. Its only meaning is that acquired as it refers to the goods and services of plaintiff. Plaintiff has a proprietory interest in the continuing exclusive use of this mark, and this right will be protected by law. **Sweetarts v. Sunline, Inc.**, 380 F.2d 923, 927 (8th Cir. 1967).

The Lanham Act [15 U.S.C. 1114(1)] defines a trademark infringer and his liability in the following language:

> "Any person who shall, without the consent of the registrant—
>
> > "(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;
>
> shall be liable in a civil action by the registrant for the remedies hereinafter provided."

Thus, offering and advertising for sale are infringements, and defendants' catalogs are admittedly such offers to sell.

There is no evidence of actual confusion in this case. However, actual confusion is not a prerequisite. *David Sherman Corporation v. Heublein, Inc.*, 340 F.2d 377, 381 (8th Cir. 1965); *Sweetarts v. Sunline, Inc.*, supra. It is the opinion of the Court, that because of the use of the plaintiff's mark, "ECI", by defendants and the similarity of merchandise handled by both parties, actual confusion is likely.

The defendants allege that the plaintiff is guilty of laches by waiting five years after discovery of defendants' use of "ECI" to bring this suit. Plaintiff's evidence showed that it has been involved in other litigation over

the use of its mark. Plaintiff is not making a claim for damage or an accounting, therefore, the delay of plaintiff in bringing this action will not prevent the issuance of an injunction against further infringement. *San Francisco Ass'n for the Blind v. Industrial Aid for the Blind, Inc.*, 152 F.2d 532 (8th Cir. 1946).

It is the opinion of the Court that United States Trademark Registrations No. 706,588, No. 706,255, No. 775,282, No. 836,699, and No. 849,592 are valid, subsisting and owned by plaintiff. They are unrevoked and uncancelled. "ECI" is the valid trademark, service mark, and trade name of plaintiff. Defendants have infringed and are presently infringing such marks and trade name, and, by their use of "ECI" as a trade name, defendants have been and are unfairly competing with plaintiff. Judgment will be entered in favor of plaintiff and against defendants enjoining defendants from continued infringement of plaintiff's said registered trademarks and from continued unfair competition with plaintiff.

The parties will confer and submit a decree in accordance with this memorandum within twenty days from date. If they cannot agree, plaintiff will submit a proposed decree, with a copy to defendants, within thirty days from date.

Dated this 30th day of September, 1969.

/s/ JAMES H. MEREDITH
United States District Judge

APPENDIX C

United States Court of Appeals
For the Eighth Circuit

No. 20079 September Term, 1970

Electronic Communications, Inc.,
Appellee,
vs.
Electronic Components for Industry Co., et al.,
Appellants.

Appeal from the United States District Court for the Eastern District of Missouri.

Petition of appellants for rehearing filed in this cause having been considered, it is now here ordered by this Court that the same be, and it is hereby, denied.

May 28, 1971.

APPENDIX D

United States Court of Appeals
For the Eighth Circuit

No. 20079 September Term, 1970

Electronic Communications, Inc., Appellee,

vs.

Electronic Components for Industry Co., and ECI Semiconductors, Inc., and ECI Chicago, Inc., Appellants.

Appeal from the United States District Court for the Eastern District of Missouri.

On Consideration of the motion of appellants for a stay of the mandate in this cause pending a petition to the Supreme Court of the United States for writ of certiorari, it is now here ordered by this Court that the issuance of the mandate herein be, and the same is hereby, stayed to and including June 30, 1971, and if within said period of time there is filed with the Clerk of this Court a certificate of the Clerk of the Supreme Court of the United States that a petition for writ of certiorari and record have been filed, the stay hereby granted shall continue until the final disposition of the case by the Supreme Court.

June 7, 1971.

APPENDIX E

1254. Courts of appeals—Certiorari—Appeal—Certified questions.—Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;

* * * * * * *

APPENDIX F

Sec. 40 (15 U.S.C. 1122). Remedies—Review by Supreme Court.

Writs of certiorari may be granted by the Supreme Court of the United States for the review of cases arising under this Act in the same manner as provided for in cases under the patent laws.

* * * * * * * *

APPENDIX G

(15 U.S.C. 1114(1)). Remedies—Infringement

Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive (Amended Oct. 9, 1962, 76 Stat. 769).

* * * * * * *

(15 U.S.C. 1115b). Same—When conclusive evidence of exclusive right to use mark

If the right to use the registered mark has become incontestable under section 15 hereof, the registration shall be conclusive evidence of the registrant's exclusive right

to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 15 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to registration of the mark under this Act or publication of the registered mark under subsection (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act or publication under subsection

(c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the anti-trust laws of the United States (Amended Oct. 9, 1962, 76 Stat. 769).

* * * * * * *

(15 U.S.C. 1121). Remedies—Jurisdiction of courts

The district and territorial courts of the United States shall have original jurisdiction, the circuit courts of appeal of the United States and the United States Court of Appeals for the District of Columbia shall have appellate jurisdiction, of all actions arising under this Act, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

(15 U.S.C. 1127). Construction and definitions

* * * * * * *

Trade name, commercial name. The terms "trade name" and "commercial name" include individual names and surnames, firm names and trade names used by manufacturers, industrialists, merchants, agriculturists, and others to identify their businesses, vocations, or occupations; the names or titles lawfully adopted and used by persons, firms, associations, corporations, companies, unions, and any manufacturing, industrial, commercial, agricultural, or other organizations engaged in trade or commerce and capable of suing and being sued in a court of law.

Trademark. The term "trademark" includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.

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IN THE

Supreme Court of the United States

October Term, 1971

No. 1020

ELECTRONIC CONSTRUCTS FOR INDUSTRY CO., ECI SEMICONDUCTORS, INC., and ECI CHICAGO, INC.,

Petitioners,

vs.

ELECTRONIC COMMUNICATIONS, INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

ROY C. HORGOOD
SANDOS, HORGOOD AND CALDWATER
60 East 42nd Street
New York, New York 10017
Attorneys for Respondent

Of Counsel:
PAUL H. BLAUSTEIN
New York, New York

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IN THE

Supreme Court of the United States

October Term, 1971

No. 1881

ELECTRONIC COMPONENTS FOR INDUSTRY CO., ECI SEMICONDUCTORS, INC., and ECI CHICAGO, INC.,
Petitioners,

vs.

ELECTRONIC COMMUNICATIONS, INC.,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

Petitioners have requested this Court to grant a writ of certiorari to review the judgment of the Court of Appeals which found "solid evidentiary support for all of the [Trial] Court's findings" (A-4).[1] The Petitioner is asking this Court to indulge in academic exercise, to find a trade name right in Petitioners, in the face of the "solid evidentiary support" for Respondent's prior trade name and trademark rights, in precisely the locale of Petitioners' later inception.

1. Reference is to the Appendix in the Petition; emphasis is ours, unless otherwise specified.

Statement[2]

The Eighth Circuit held Respondent's trademark registrations, for the mark "ECI", to be valid, subsisting, and infringed by Petitioners. The District Court was also affirmed as to its finding of Respondent's superior common-law trade name and trademark rights in Petitioners' state of Missouri.

In so holding, the Court of Appeals affirmed the District Court. And an injunction order by the Trial Court has been stayed pending Petitioner's appeals.

In the Petition, Petitioners seek review of the judgment which held Respondent's use to be prior to that of Petitioners. Petitioners seek to have this Court declare as a matter of law that Petitioners' uses prior to Respondent's registration will somehow tip the scales to Petitioners' favor, when "solid evidentiary support" exists for the common-law prior-user position held for Respondent.

We submit that the Petition is bottomed on fantasy and should be denied.

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2. Respondent does not accept Petitioner's statement and characterization of the record, but since the merits of the Petition are not affected, Respondent does not burden this Brief in Opposition by a detailed statement, except to state that contrary to Petitioner's "Statement of the Case", the record has been held by the Eighth Circuit to contain "solid evidentiary support for all the [Trial] Court's findings" (A-4), including the findings of Respondent's substantial "ECI" use in Missouri, prior to the inception of any of the Petitioners (A-2), and including the finding that "both plaintiff [Respondent] and defendants [Petitioners] are in the same business" (A-7, 8).

Reasons for Opposition

Petitioners' statement of the "Question Presented for Review" is an attempt to rephrase and to rehash the lesser one of two bases on which Petitioners relied before the Court of Appeals. Petitioners' primary issue before the Court of Appeals has now been jettisoned.[3]

Petitioners' rephrased question implies that, prior to 1960 issuance of Respondent's Federal trademark registrations, Respondent had no common-law rights to "ECI" in Petitioners' home ground, the State of Missouri. Petitioners would have this Court believe that Judge Meredith and the Court of Appeals chose to ignore prior common-law rights in Missouri.

But a reading of the Trial Court's Memorandum (A-13) as to the findings for which the Court of Appeals held that there was "solid support in the record evidence" (A-12), exposes the insubstantiality of Petitioners' "Question". Specifically, the District Court found:

1. Respondent made "ECI" sales to McDonnell Aircraft Company in St. Louis, Petitioners' birthplace, in 1957, prior to inception of any of the defendants (A-20).
2. Respondent also used "ECI" in its sale of facsimile equipment of the Signal Corps in St. Louis in 1958, also prior to conduct of business by any of the Petitioners (A-20).

3. In its decision (at A-4), the Court of Appeals took note that defendants (Petitioners) characterized the now-jettisoned laches or equitable estoppel issue as their "primary issue".

3. Petitioners' 1962 catalog assures the prospective customer that Petitioners can supply parts to "SigC" designations; SigC is the recognized abbreviation for the Signal Corps, Respondent's St. Louis customer before inception of any of the Petitioners (A-20).

4. Respondent had done "substantial business under its mark 'ECI' in St. Louis before the St. Louis inception of any of the defendants [Respondents]" (A-21).

5. Respondent first used the mark "ECI" in early 1957 (A-14).

Plainly, if the Trial Court made such clear findings to support Respondent's common-law trademark rights to "ECI" in St. Louis prior to inception of any defendant, it is a complete waste of time to attempt to breathe life into Petitioners' would-be common-law rights, which could not possibly have origin as early as Respondent's, even in Petitioners' home-town St. Louis territory.

This Court has long recognized the superiority of rights of the first user, here Respondent.[4] We submit that nothing can be clearly erroneous if, as here, the decisions have favored the prior user of the mark "ECI" in Petitioners' place of later birth.

To attempt to make anything out of Petitioners' junior uses is to indulge in pure fantasy and to delay unreason-

4. In *Columbia Mill Company* v. *Alcorn*, 150 U.S. 460, 463-4, 37 L.Ed. 1144, 14 S.Ct. 151 (1893), Mr. Justice Jackson noted, among general propositions applicable to trade-marks, that:

> "* * * the exclusive right to the use of the mark or device claimed as a trade-mark is *founded on priority of appropriation*; that is to say, the claimant of the trade-mark must have been *the first to use* or employ the same on like articles of production."

ably the operation of the injunction which the Court of Appeals held that "the District Court very properly entered" (A-12).

The Court of Appeals took cognizance of Petitioners' claim of use prior to Respondent's registration, but correctly concluded (A-10):

> "The use claimed by defendants [Petitioners] was not such as * * * to show prior use."

It is purely academic whether Petitioners' use[5] prior to Respondent's registration was a trade-mark or a trade-name use. The point is that Respondent's St. Louis uses were prior to that of Petitioners.

And the Courts below correctly found likelihood of confusion from the overlap of goods and customers sold by the parties under the mark "ECI" (A-3, A-11).

Petitioners' cases, august as their source may be, shed no light on this case, for the simple reason that Respondent's trademark and trade-name rights in "ECI", being prior-user rights, are superior from any viewpoint, and actual confusion is not a prerequisite, even in the same District of the Eighth Circuit and under the common law of Missouri.

In its decision, the Court of Appeals (A-8, 9) quoted from the opinion in *David Sherman Corporation* v. *Heublein, Inc,* 340 F.2d 377 (8 Cir. 1965), in which Judge Blackman also noted, at page 381:

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5. ECI Semiconductors, Inc., the second of the Petitioners, was founded after issuance of Respondent's registration (A-2); and ECI Chicago, Inc., the third of the Petitioners, was founded only after it had become necessary to initiate the present lawsuit (A-4).

"We do not ignore the experience of the market place. But none of the cases which we have cited or which have been cited to us, as we read them, abandons likelihood of confusion as the governing test or goes so far as to hold that likelihood of confusion is not the applicable criterion even when there has been simultaneous sale for a period of time without a proved example of actual confusion. The courts have given full impetus to the statutory standard. They have recognized that it is usually difficult to ferret out instances of actual confusion even though they exist. And they have not accepted mere passage of time as a factor which avoids or which renders inapplicable the stated statutory standard."[6]

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6. This is also Missouri law, insofar as it is here applicable. In *Thomas Patrick, Inc.* v. *KW'K Inv. Co.*, 206 S.W. 2d 350 (Sup. Ct. Mo. 1947), the Court stated:

"As a preliminary it should be noted that it is not a necessary prerequisite to relief in cases of this nature that some one, in point of fact, has been deceived (Liggett & Myers Tobacco Co. v. Sam Reid Tobacco Co., 104 Mo. 53, 60, 15 S.W. 843, 844, 24 Am. St. Rep. 313), or that the plaintiff, in point of fact, has sustained an actual loss of business, injury to good will or damages. Standard Oil Co. of New Mexico v. Standard Oil Co. of California, 10 Cir. 56 F.2d 973. It is no longer necessary that the parties be engaged in competitive business (Vogue Co. v. Thompson-Hudson Co., 6 Cir., 300 F. 509) or that an actual diversion of business be shown. Great Atlantic & Pacific Tea Co. v. A. & P. Radio Stores, D. C., 20 F.Supp. 703, 704. At least in some spheres of activity, nowadays, a plaintiff's trade name is entitled to protection against a subsequent user of the name if the designation complained of is so similar to the plaintiff's trade name that there is reasonable likelihood of confusion of source, such that prospective purchasers or clients are likely to regard the name as indicating the source identified by the name and consequently future injury to good will, reputation or business. 52 Am. Jr., Sec. 98, p. 577; Annotation 148 A.L.R., loc. cit. 22-26, 66-76; 37 Col. L.R. 582. Such 'Threatened future injury is sufficient basis for relief'. 2 Nims. Unfair Competition, Sec. 365."

The foregoing statement was bodily adopted in *Better Business Bureau of Kansas City Advertising Club, Inc.* v. *Chappell et al.*, 307 S.W. 2d 510 (Ct. of App. 1957), at page 515.

There is no logic or law to limit Respondent to dates in its trademark registrations, or to ignore the "solid evidentiary support" for the prior common-law trade-name and trademark rights of Respondent, in the State of Missouri, all as succinctly found by the Trial Court and upheld by the Eighth Circuit as not clearly erroneous.

Conclusion

No showing whatsoever has been made that the Court of Appeals has decided an important question of federal law in conflict with any decision of this Court or any other Court, or otherwise as required by Rule 19.

We submit that the Petition should be denied.

Respectfully submitted,

/s/ Roy C. Hopgood

Roy C. Hopgood
Sandoe, Hopgood and Calimafde
60 East 42nd Street
New York, New York 10017
Attorneys for Respondent

Of Counsel:
Paul H. Braustein
New York, New York